## 4.2 NAFTA Accession

It is likely that other countries will seek to accede to the NAFTA by agreeing to adopt the Agreement's high-level disciplines covering trade in services and goods, investment, intellectual property, and transparent trade rules including a range of detailed dispute settlement mechanisms. Although the NAFTA represents the first time that industrialized countries have entered into a full-scope free trade arrangement with a developing country, it must be recalled that Mexico did not seek nor did it receive special and differential treatment with regard to the degree of disciplines adopted. Adherence to the NAFTA is only feasible for those countries that have made a major and sustained commitment to market-based economic reform. Many countries in Latin America and elsewhere are not likely to be able and/or willing to accept this level of discipline into the foreseeable future. Yet some are. Chile immediately comes to mind. Venezuela, Colombia and Argentina may come forward by mid decade.

Then there is the Commonwealth Caribbean with which we have longstanding ties of history and commerce. The NAFTA will gradually reduce the value of preferential trade benefits previously extended to them by Canada and the U.S.. The challenge for these economies will be to complete expeditiously the construction of the CARICOM free trade area, including clearer commitments with respect to liberalized investment rules. Canada must encourage this process and work with them through existing mechanisms, such as the Joint Trade and Economic Consultative Committee. A strong, effective commitment to trade and economic liberalization on a sub-regional (i.e., CARICOM or Central American) basis would be the clearest signal that NAFTA accession could become feasible.

Moreover, from a Canadian vantage point, we must be active in shaping the Latin American and Caribbean response to the NAFTA. If we leave the lead solely to the U.S., a hub-and-spoke network may yet emerge centred on the U.S. as the only country with privileged access to and treatment in individual regional markets. Mexico's increasing network of direct free trade agreements with several of its Latin American partners (e.g., Chile, Venezuela and Colombia) raises some of the same concerns. This approach would be inimical to Canadian interests, both because it would disadvantage Canadian exports to those markets and because it would allow the U.S. (or Mexico to a more limited degree) to portray itself as the only economy in the Americas from which an investor can produce for export under preferential conditions to a wide range of markets.